



Research 2 Guidance



# Global Digital Health Business Outlook Survey– 2024

**What will 2024 bring to the digital health industry?**

Whitepaper

February 2024

## ***WHAT WILL 2024 BRING TO THE DIGITAL HEALTH INDUSTRY?***

- 1. DIGITAL HEALTH INDUSTRY MOOD STOPPED NEGATIVE TREND IN THE LAST THREE YEARS:** The Digital Health Mood Index has bounced back from 2.0 in 2023 to 2.1 for 2024, on a scale between 0 and 3.
- 2. STAKEHOLDERS EXPECT A SIMILAR GROWTH IN THE GLOBAL DIGITAL HEALTH MARKET IN 2024:** 53% of the respondents predict a similar growth as in 2023 for the global digital health market, while 34% expect a significant growth.
- 3. GLOBAL DIGITAL HEALTH INVESTMENT AMOUNTS TO STAY SIMILAR WHILE MAJORITY IS SEEKING NEW FUNDINGS:** ~60% of respondents predict similar investments amount in the global digital health market in 2024, while 52% are eyeing for new fundings.
- 4. MAJORITY PLANS TO HIRE NEW STAFF FOR THEIR OWN DIGITAL HEALTH BUSINESS, WHILE INDUSTRY'S HIRING FORECAST IS STABLE:** More than 60% of the digital health business owners want to hire new members in 2024, on the other hand for the digital health market globally, majority expects stability with no substantial layoffs or hirings.
- 5. IT WILL BE ALL ABOUT AI, RPM, AND DIGITAL HEALTH ECOSYSTEMS IN 2024:** Trending topics in the digital health industry in 2024 will be artificial intelligence (88%), remote patient monitoring (33%) and digital health ecosystems (27%).
- 6. BIG TECH, STARTUPS AND PHARMA LEAD THE DIGITAL HEALTHCARE MARKET IN 2024:** Survey finds 48% of participants citing Big Tech, 46% mentioning digital health startups and 38% voting for Pharma as key drivers of the market. Within Big Tech, Apple, Amazon and Microsoft stand out.
- 7. PARTNERSHIPS ARE THE BIG THING IN 2024 AGAIN:** 72% of the 2024 survey participants are interested in building partnerships with either digital health companies (51%), hospitals (45%), or Pharma companies (36%) and Medtech (36%).
- 8. THE USA REMAINS TO BE THE MOST ATTRACTIVE DIGITAL HEALTH MARKET IN 2024:** The top 3 countries predicted to have the most attractive digital health markets in 2024 are still the same as in 2023: USA (65%), Germany (40%), and the UK (31%), with France (22%) chasing at the fourth rank.
- 9. MENTAL HEALTH IS THE THERAPEUTIC AREA WITH HIGHEST BUSINESS POTENTIAL FOR DIGITAL HEALTH SOLUTION PROVIDERS:** 56% of the survey respondents perceive Mental Health to be the key therapy area with highest business potential in 2024, followed by Cardiology with 48% and Oncology with 35%.
- 10. HEALTH INSURANCES AND CONSUMERS ARE BEST TARGET GROUPS FOR DIGITAL HEALTH SOLUTION PROVIDERS IN 2024.** 53% of respondents prefer health insurers and 46% consumers as target groups for their solutions.
- 11. BEST SERVICE OFFERS TO GENERATE REVENUES IN 2024 ARE:** Data Analytics & AI services (55%), RPM tools and license offers (44%) and digital chronic care services (39%).

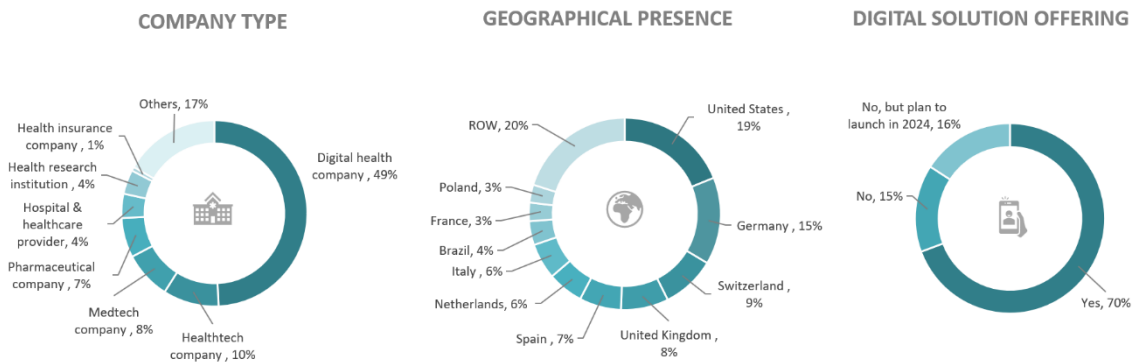
## PULSE CHECK ON THE GLOBAL DIGITAL HEALTH INDUSTRY

Amidst the post-COVID landscape, the digital health market underwent a recalibration in 2023, characterized by a return to pre-COVID investment norms following a period of heightened activity. Against this backdrop, critical considerations include global business opportunities, industry's discourse, the role of the big tech companies like Apple and Amazon, and the impact of artificial intelligence and machine learning in the digital health sector.

Additionally, a spectrum of lingering questions persists, particularly regarding the optimal customer groups for targeting, identifying digital health services with the highest business potential, determining the most favorable countries for market entry, and prioritizing therapeutic areas for solution development.

To find out, R2G conducted its annual global online survey targeting key stakeholders in the digital health industry.

### R2G DIGITAL HEALTH MARKET STATUS SURVEY DEMOGRAPHICS



Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 831

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In total of 831 individuals have shared their thoughts and views in R2G's Digital Health Business Outlook survey for 2024. The participants were mainly the professionals from digital health solution companies (~50%), followed by those from HealthTech companies (10%), MedTech companies (8%), and pharmaceutical companies (7%). Notably, the survey's demographics revealed a significant participation from the United States (19%) and other major European countries. Furthermore, 70% of the respondents already have a digital health solution in the market, while 16% are planning to launch in 2024.

R2G has conducted digital health market scans since 2010. Building upon the insights garnered from the previous Digital Health Business Outlook surveys from R2G in 2023 (n=318) and in 2022 (n=322), this year's results also provide a comparison for the evolving market specific views on:

- ✓ Business outlook
- ✓ Country preferences
- ✓ Digital health business models

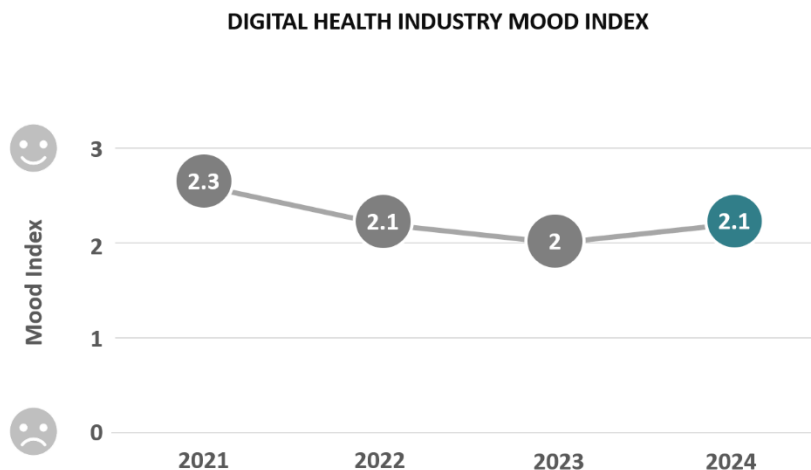
- ✓ Therapeutic areas for digital health
- ✓ Investment trends
- ✓ Key market drivers
- ✓ And more

A big thank you to all survey participants from the R2G digital health panel!

Sincerely yours,  
R2G team

## OPTIMISM IN THE DIGITAL HEALTH INDUSTRY STARTS INCREASING

Stakeholders in the digital health industry express overall a positive outlook for market development in 2024, signalling a slight improvement from the last year. After decreasing from 2.3 in 2021 to 2.0 in 2023, the mood index for 2024 has returned to 2.1. This index serves as a consolidated representation of the business outlook assessments provided by the survey participants for their respective businesses.



Source: R2G's Global Digital Health Business Outlook Survey - 2024, n = 631

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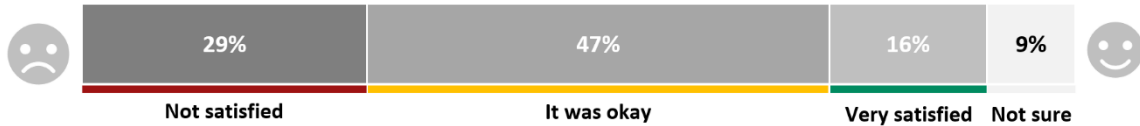
A notable 57% of representatives from the digital health sector anticipate an improved outlook for their businesses in 2024, while 41% of participants expect their businesses to remain stable this year.

In addition, 47% of respondents expressed that their business performance in 2023 was “Okay”, with 16% indicating a high level of satisfaction. This marks a marginal decrease from the business satisfaction figures obtained in the previous year's survey, where 70% of respondents reported satisfaction with their business in 2022.

On the other hand, 29% of digital health business representatives surveyed conveyed dissatisfaction with their business results in 2023.

## BUSINESS SATISFACTION

HOW SATISFIED HAVE YOU BEEN WITH YOUR DIGITAL HEALTH BUSINESS IN 2023?



Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 631

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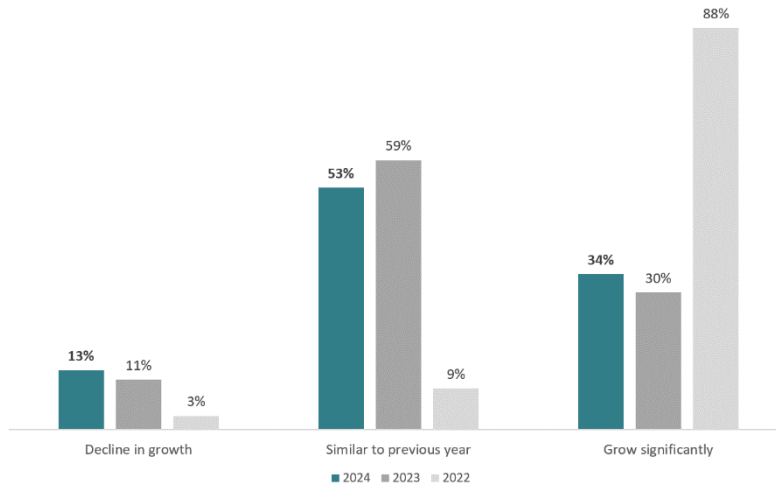


## HYPE FROM COVID TIMES IS GONE

Furthermore, the survey results also showed that the status of the global digital health market in 2024 will remain similar to 2023, as expected by 53% of the survey participants, followed by 34% predicting a high growth in the market in 2024.

## GROWTH IN DIGITAL HEALTH MARKET IN 2024

HOW WILL THE GLOBAL DIGITAL HEALTH MARKET DEVELOP IN 2024?



Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 631

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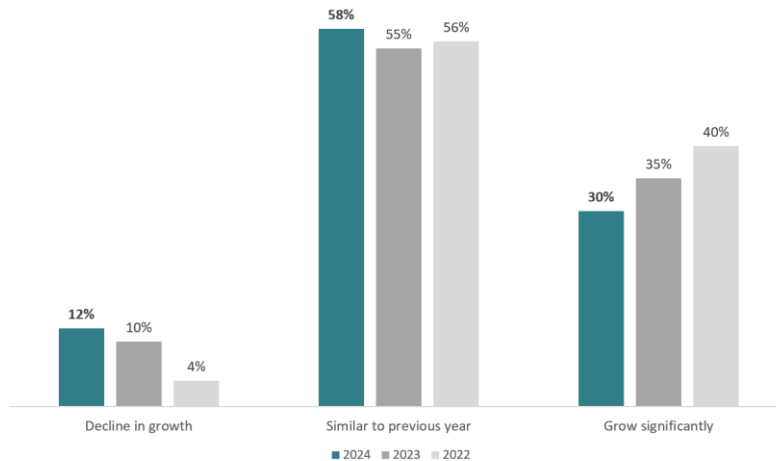


Compared to last year's results, slightly more digital health business owners and representatives are expecting a positive market outlook in 2024, however still there is a cautious approach in terms of the high growth expectations in the market.

## FUNDING SITUATION WILL NOT GET BETTER IN 2024

According to 58% of the survey participants, the investment into the global digital health market in 2024 is expected to remain consistent as in the previous year. Conversely, expectations for significant investment growth have been gradually declining for the last three years. Only 30% expect a significant growth of investments in 2024. 12% anticipate a decline in total for 2024.

**INVESTMENT IN DIGITAL HEALTH COMPANIES IN 2024**  
HOW WILL THE INVESTMENT AMOUNT (\$) IN THE DIGITAL HEALTH MARKET DEVELOP IN 2024?



Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 831

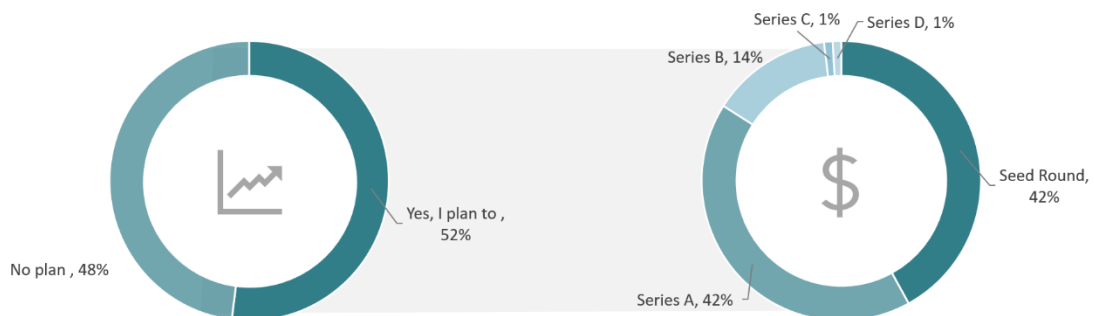
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## THE DEMAND FOR FRESH MONEY REMAINS HIGH IN 2024

The challenging funding situation meets a high demand for fresh money. 52% of digital health initiatives plan to raise money in 2024. Out of those, a majority of businesses intend to pursue seed rounds (42%) or series A funding (42%), with 14% eyeing series B, and only 2% allocating resources to raise series C and series D funding.

**FUNDING STATUS OF THE DIGITAL HEALTH BUSINESSES**  
ARE YOU PLANNING TO RAISE FUNDING FOR YOUR DIGITAL HEALTH BUSINESS IN 2024?



Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 831

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*“The outlook in terms of liquid exits remains very gloomy for digital health, this is scaring away many investors. In general, investors are moving away from VC as an interesting asset class given yield on bonds, global uncertainty (Israel, US elections, etc. - which calls for rapid liquid investments), and the lack of scalability (e.g., German DIGAs going to US or the opposite) in this segment.”*

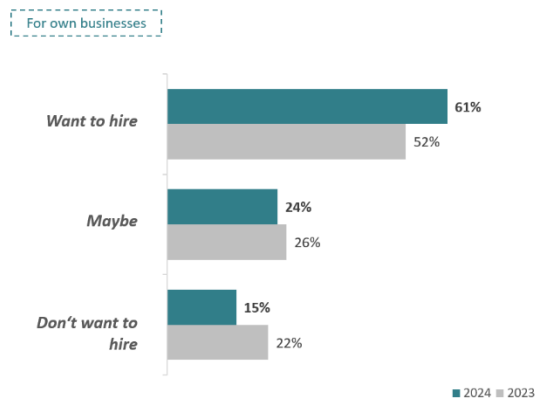
*-Survey respondent from investment company*

## 61% OF COMPANIES PLAN TO HIRE NEW TEAM MEMBERS IN 2024, WHILE THE FORECAST FOR THE INDUSTRY IS LESS OPTIMISTIC

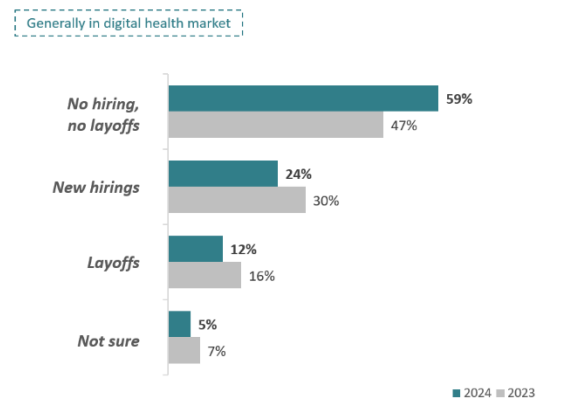
When surveyed about their plans for hiring new team members in 2024, a notable 61% of respondents with a digital health solution in the market expressed a willingness to expand their teams, marking an increase from the 52% reported in the previous year. Conversely, a mere 15% of respondents remained steadfast in their decision not to hire additional personnel.

### DEMAND FOR PERSONNEL IN THE DIGITAL HEALTH BUSINESS IN 2024

DO YOU PLAN TO HIRE NEW TEAM MEMBERS FOR YOUR DIGITAL HEALTH BUSINESS IN 2024?



HOW WILL THE DEMAND FOR PERSONNEL IN THE DIGITAL HEALTH MARKET CHANGE IN 2024?



Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 831

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Taking a broader perspective on workforce demand within the digital health market, a significant 59% of respondents predict that most companies will maintain their existing staff levels in 2024, avoiding substantial hiring or layoffs. Moreover, 24% foresee an increase in hiring, in contrast with the sentiment in 2023, where 30% anticipated more hiring. This shows a shift in perception of the digital health business owners and representatives—fewer envisioning expansion, more anticipating stagnation, and an equal foreseeing potential layoff.

In comparison to individual stakeholders who own digital health businesses and exhibit a proactive stance toward hiring, the outlook for the overall market is more cautious. The collective outlook for the digital health market suggests an expectation of a stabilized workforce with no significant layoffs.

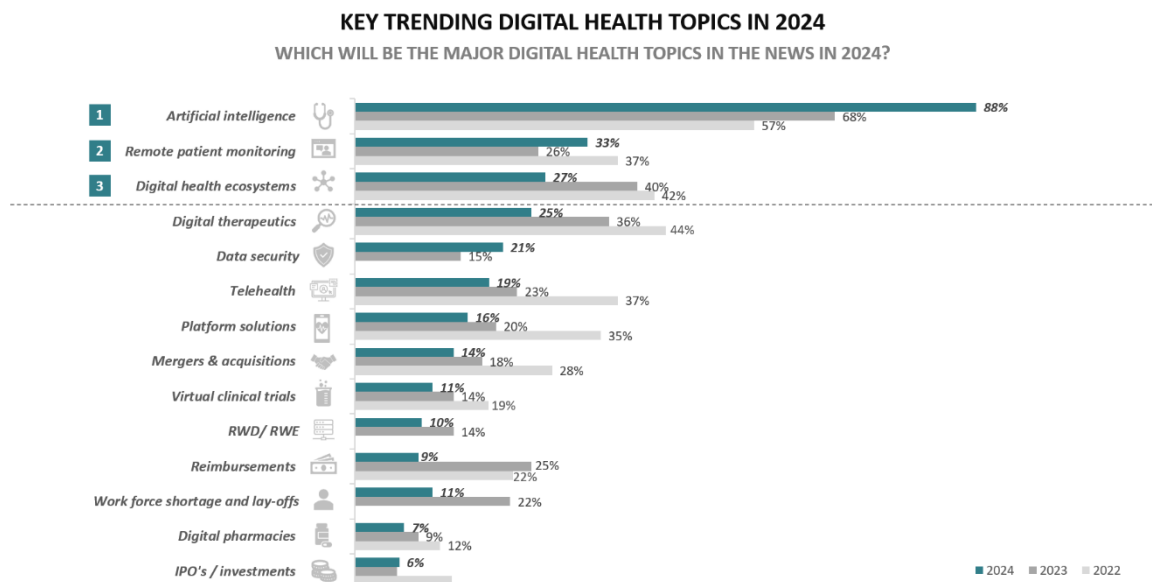
## AI WILL BE THE HOT TOPIC IN 2024

The prevailing topics in the digital health market in 2024 are anticipated to revolve around Artificial Intelligence (AI), remote patient monitoring (RPM), and digital health ecosystems. The ascent of AI continues on a steady trajectory, by playing a crucial role in various facets of digital health solutions and healthcare in general, such as for analyzing vast medical datasets, enhancing diagnostic and treatments' precision, personalization, and efficacy, drug discovery efforts of Pharma players and creating virtual assistants or chatbots for patients' self-management across diverse therapeutic areas.

*“The velocity with which AI, and GenAI specifically informs product development, will help to bolster digital health offerings, generally speaking.”*

*-Survey respondent from venture capital company*

Furthermore, remote patient monitoring has taken over the 2<sup>nd</sup> place in 2024, jumping from the 4<sup>th</sup> place in 2023. These solutions contribute to the virtual at-home hospital settings, including wearables and connected devices, reducing the necessity to visit hospitals in-person.



Note: Survey participants selected more than one (multiple choices)  
Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 831

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Conversely, the popularity of Digital Therapeutics (DTx) has witnessed a decline since 2023, losing its foothold in the top 3. This trend corroborates with R2G's previous prediction in the 2023 survey results, that Digital Therapeutics has surpassed its peak level.

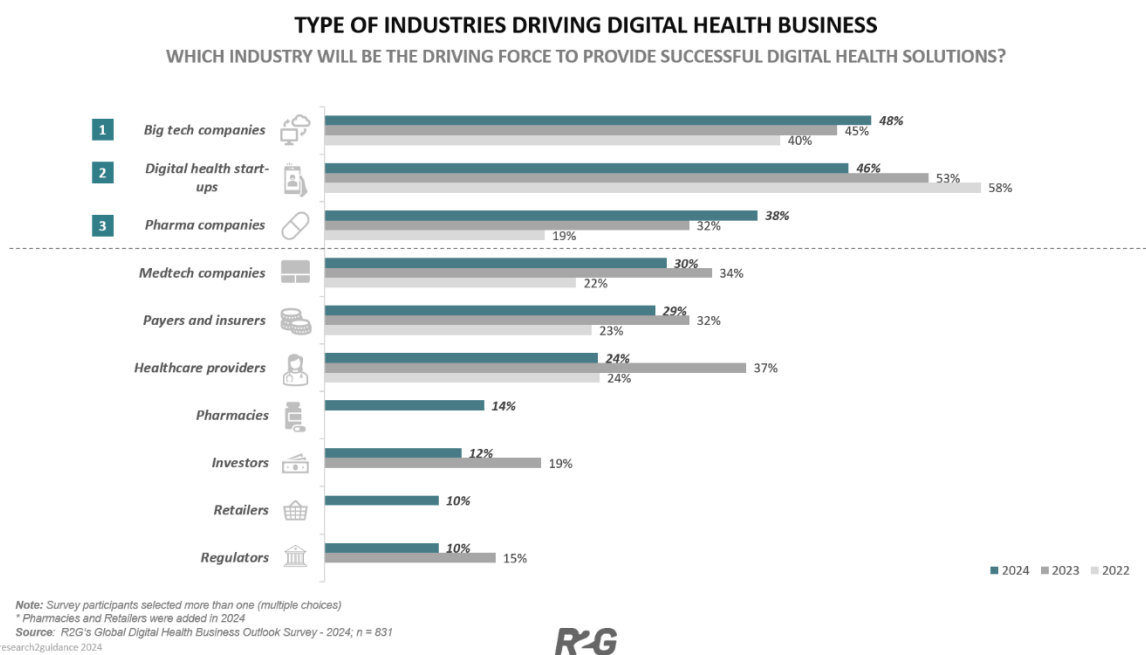
Numerous health data breach incidents in 2023 such as the one involving mental health startup Cerebral, underscored the importance of data security (21%) as a key topic, elevating it to the 5<sup>th</sup> position in 2024 from 10<sup>th</sup> in 2023. On the other hand, both telehealth and reimbursements are becoming less popular. Reimbursements, in particular, dropped from 25% in 2023 to 9% in 2024. This trend also goes hand in hand with the increasing number of digital therapeutics companies going bankrupt or altering their business models.



## BIG TECH COMPANIES WILL BE THE MAIN MARKET DRIVER IN 2024

In 2024, 48% of survey participants identify big tech companies as the primary driving force behind successful digital health solutions, surpassing digital health startups, which were chosen by 46% of respondents and positioned in the second slot. The perceived growing impact of big tech companies over the last couple of years might correlate with the hype around AI. The deteriorating funding situation for digital health companies might also give companies with large pockets a competitive edge even though previous digital health initiatives from big tech companies were mainly failures.

At the third position, healthcare providers were replaced by pharma companies in 2024. Pharma companies are expected to be a more important driver for the development of the digital health market in 2024, according to 38% of the respondents.



While Medtech companies (30%) and payers/insurers (29%) stand still in their positions in 2024 compared to the previous year, the new actors in 2024 are the pharmacies (14%) and retailers (10%), as a driving force in the digital health industry.

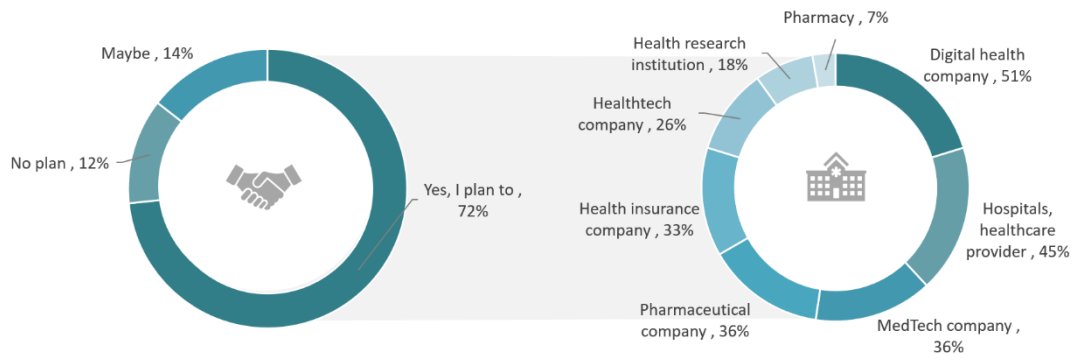
## 72% OF DIGITAL HEALTH BUSINESS OWNERS ARE ON THE LOOK FOR PARTNERSHIPS IN 2024

In the dynamic landscape of the digital health market, the strategic partnerships and collaborations among technology companies, healthcare providers, pharmaceutical firms, and startups, are pivotal for driving innovation, growth, and overall industry progress. From innovative tech integrations and data-driven initiatives to patient-centric solutions, the spectrum of partnerships among the stakeholders in the digital health market is multifaceted.

A large majority of the 2024 survey participants (72%) express an interest in forging partnerships, up from 64% in 2023, while 14% saying "Maybe" to forging partnerships in 2024. Among those inclined towards partnerships, a significant portion is interested in collaborating with digital health companies

(51%), followed by hospitals (45%), pharmaceutical companies (36%), and MedTech companies (36%).

**INTEREST IN BUILDING PARTNERSHIPS**  
DO YOU PLAN TO BUILD PARTNERSHIPS IN 2024? IF YES, WHICH OF THE INDUSTRY PLAYER SEGMENTS DO YOU PLAN TO PARTNER WITH?



Note: Survey participants selected more than one (multiple choices)  
Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 631

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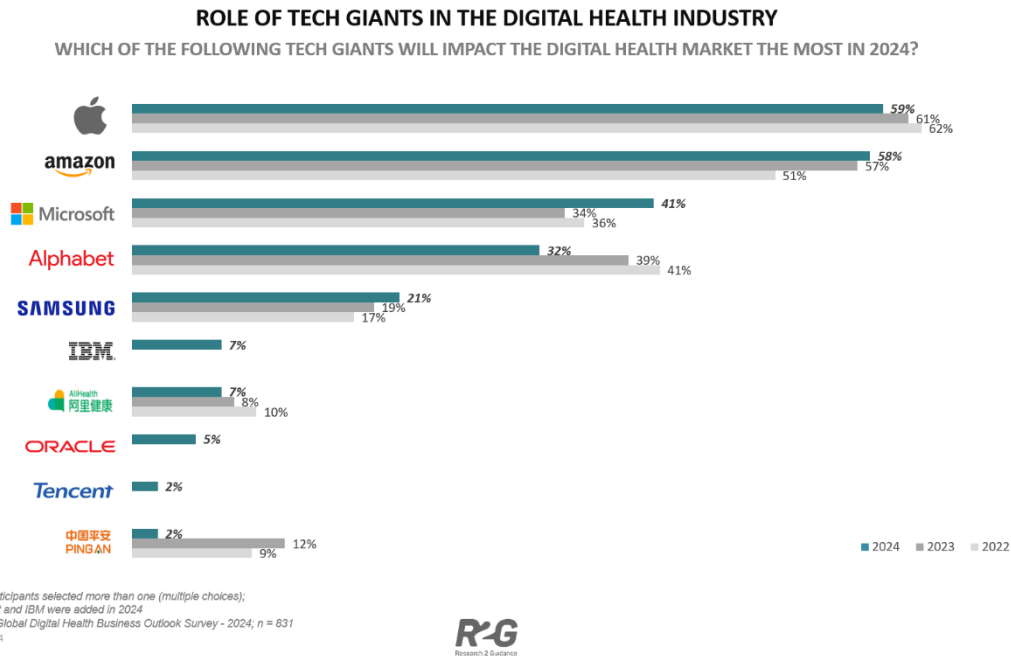
The partner preferences for industry players remain consistent since 2023, with an exception: health insurance companies dropped to 5<sup>th</sup> place, declining from 42% in 2023 to 33% in 2024. Other partnerships, such as with health research institutions and pharmacies, receive less attention in 2024 from stakeholders compared to previous year.

Furthermore, a closer examination on the preferences of the digital health startup representatives in the survey reveals that, 58% plan to partner with Pharma and Medtech companies, followed by 46% with digital health firms and 44% with hospitals and healthcare providers. Collaborations with Pharma, Medtech, and other digital health companies offer a blend of resources, expertise, and technologies, while partnerships with hospitals and healthcare providers mainly facilitate the integration of digital health solutions into traditional healthcare settings and support the creation of clinical evidence.

## APPLE, AMAZON AND MICROSOFT ARE THE TOP THREE BIG TECH COMPANIES TO IMPACT DIGITAL HEALTH INDUSTRY IN 2024

Big tech companies with resources, technology, user base and expertise keep enlarging their footprint in healthcare industries including digital health. According to the survey respondents Apple (59%) is the top choice to have an impact on the digital health market in 2024, closely followed by Amazon (58%) and Microsoft (41%).

Over the years, Apple's smartwatches have evolved into health and fitness trackers, also integrated in the clinical trials for the passive collection of patients' physical health data. Besides the range of health trackers in the smartwatches, Apple users can also share their health data collected on the Health app of the smart phones easily with their HCPs using EHR systems from Cerner, Allscripts, and others in the US. The company is also continuing its efforts in creating a user-friendly version of Epic EHR software for MacOS.



Amazon, on the other hand, bought One Medical for \$3.9 billion in early 2023 and rolled-out its Amazon Clinic services as its virtual care and telehealth platform in all states in the US. The company also had gone through restructuring of its healthcare businesses last year and closed down Halo which offered bunch of accessories and trackers.

While the expected impact of Alphabet in the digital health industry kept decreasing from 41% in 2022 to 32% in 2024, Microsoft's impact is expected to be much bigger according to the 41% of the survey participants in 2024.

In 2023, Microsoft prioritized healthcare with a focus on data analytics and AI solutions. Key initiatives included introducing Microsoft Fabric, an analytics platform integrating diverse data sources, and Azure AI Health Insights with prebuilt models for simplified clinical reports. Their AI-powered solutions, like Dragon Ambient eXperience Copilot, automated clinical summaries. Microsoft's substantial \$10 billion USD investment in OpenAI further enhanced its role in revolutionizing healthcare with innovative, personalized tools.

The newcomers into the list IBM (7%), Oracle (5%) and Tencent (2%), together with the old ones Ping An (2%) and Alibaba Health (7%) in China have not been seen as much impactful as the top four big tech giants, according to the survey participants.

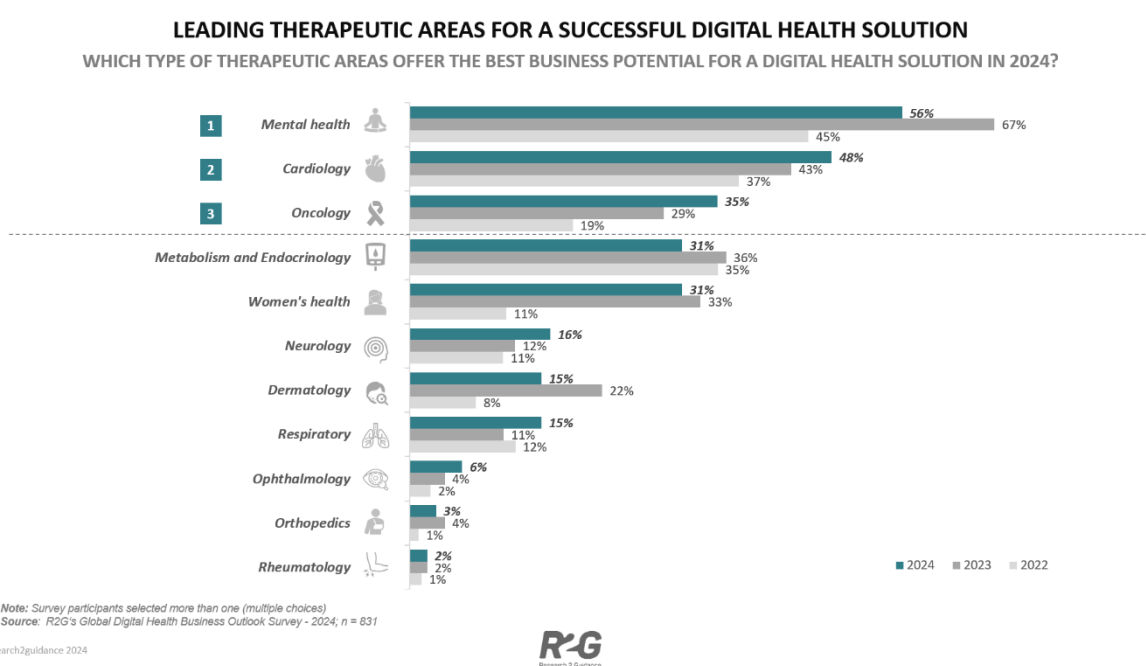
*"These three (Alphabet, Samsung and Apple) mainly because all own devices that serve as interphases for gathering data. Alphabet (through Google, FitBit and Idoven) is already working on integrated solutions based on data gathered via smartwatch and processed with Idoven's algorithm."*

*-Survey participant from consultancy*

## MENTAL HEALTH REMAINS AS THE LEADING THERAPEUTIC AREA, WHILE ONCOLOGY ASCENDS TO THE TOP THREE

Mental health continues to lead the way with the highest business potential for a digital health solution in 2024, as selected by 56% in the survey, although this marks a decrease from the 2023 figure of 67%. Cardiology secures its second position in 2024 as well with 43%, followed by Oncology at 35%, and Metabolism & Endocrinology and Women's health at 31%. Worth to note that, the top five therapeutic areas have remained consistent since 2022, underscoring their stability and firm position within the digital health landscape with highest business potentials.

Mental health solutions have become the number one digital health treatment support accepted by public health insurance systems, employer health benefits programs and patients.



Ranking third, oncology is one of the most intricate domains in healthcare, where especially the new developments in AI and machine learning technologies start playing a pivotal role in opening new avenues for disease diagnosis, precision medicine, drug discovery, and treatment navigation.

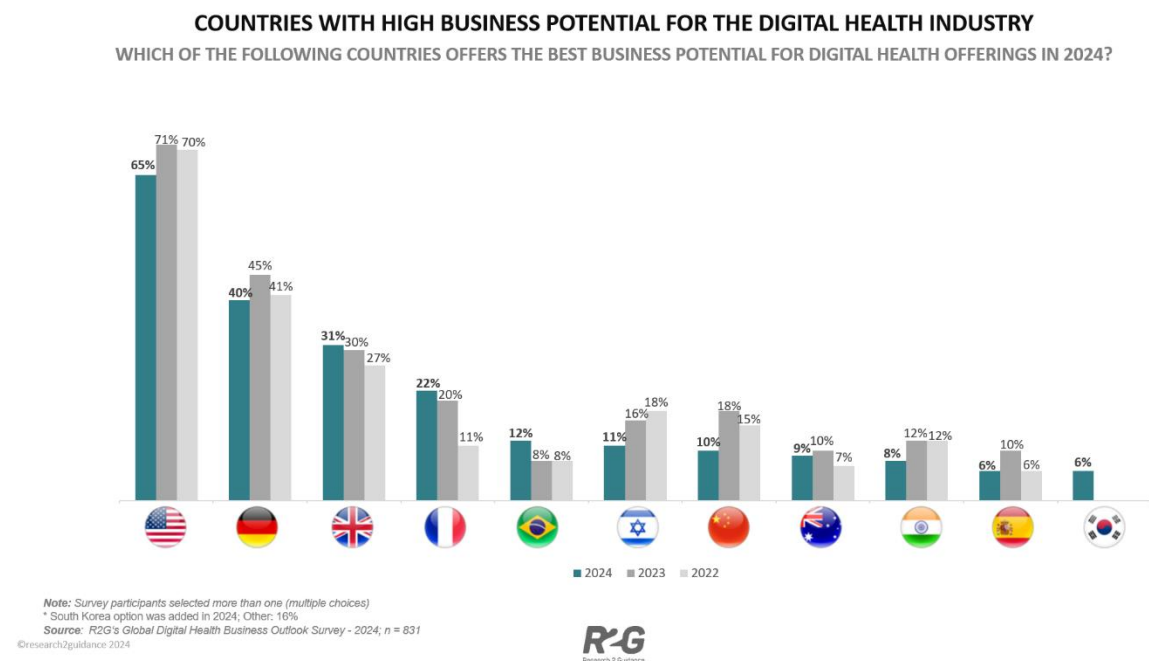
After a big jump of the women's health solutions from 13% (2022) to 33% (2023), in 2024 31% of the digital health business owners and representatives maintain their optimistic outlook, foreseeing significant business potential in this domain. Few examples out of many illustrate the raising expectations in this segment: Ovia expanding their offerings to family-building processes, Talkspace partnering with menopause-focused startup Evernow to expand its own offerings, and Midi Health securing \$25 million Series A funding led by Google Ventures, enabling the nationwide rollout of its virtual care clinic for women in the US.

## THE USA IS STILL THE MOST ATTRACTIVE DIGITAL HEALTH MARKET IN 2024

The top 3 countries predicted with highest business potential for digital health solutions in 2024 are still the same since 2022: USA (65%), Germany (40%), and the UK (31%).

Beside the attractiveness of the US market thanks to the high consumer spending for healthcare and large employer market, the establishment of the FDA's new division in 2023 to delve into digital health technology, coupled with its recent guidance on prescription drug-use related software, further contributes to the enduring confidence in the US market's leading business potential among survey participants.

Although Germany is still a valid market with the highest business potential in Europe primarily driven by its size and DiGA fast track into the statutory reimbursement, its attractiveness has decreased in 2024 to 40%. Furthermore, the challenges that have arisen with the 2023 updates to the DiGA law, e.g., pricing linked to solution performance, or not covering companion apps linked with a medication in DiGA framework, may have a negative impact on its market attractiveness in the following years.



The UK and France are becoming more and more attractive to digital health solution providers. New regulatory initiatives including PECAN (France) and NICE fast track (UK) might have contributed to the improving country market perception of digital companies over the last few years. China (economic slowdown) and Israel (war) are losing their popularity. South Korea as a newcomer shares the 10<sup>th</sup> position with Spain, as 6% of respondents that believe in the country's business potential.

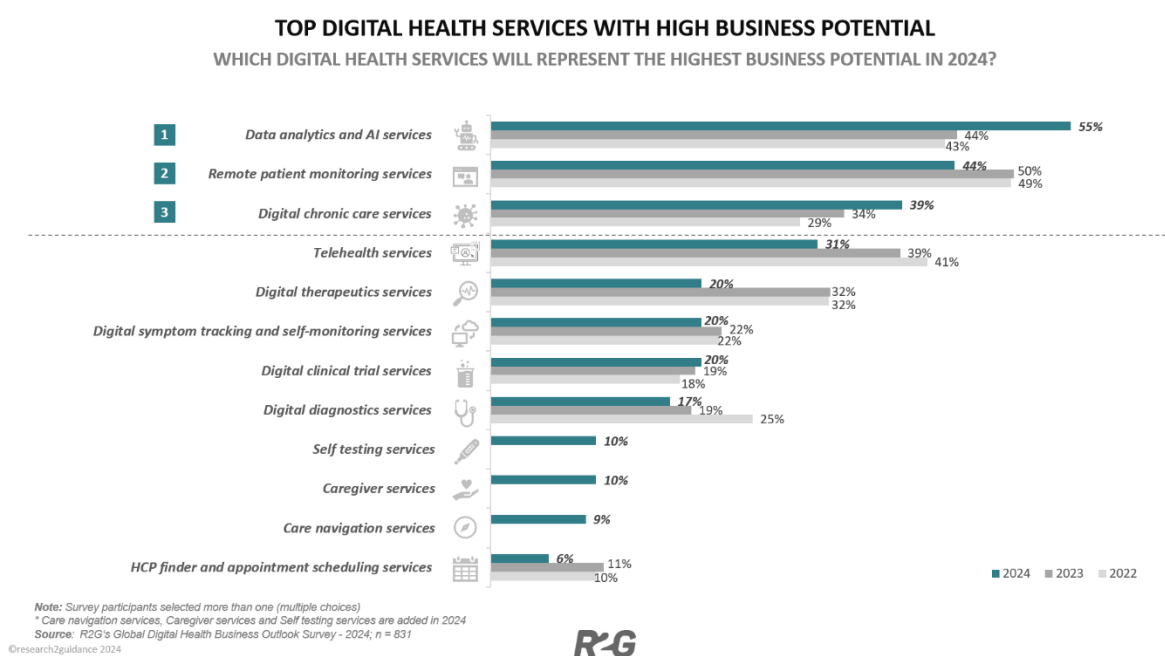
Interestingly in 2024, Brazil has ascended to the 5<sup>th</sup> position from 10<sup>th</sup> spot in 2023. The country initially embraced telemedicine on a temporary basis during the COVID-19, a move that became permanent in 2022. Also, the newly launched Health Economic-Industrial Complex Development Strategy program by the government may have caused an increased interest and attention over the Brazilian market for digital health solutions among the survey participants, since BRL 42 billion (~\$8

billion USD) investment is expected to support the development and implementation of new health technologies in the country to enhance access to health.

## DATA ANALYTICS & AI, RPM AND DIGITAL CHRONIC CARE SERVICES OFFER THE BEST BUSINESS POTENTIALS IN 2024

Data analytics and AI services are expected to offer highest business potential in the digital health industry, as selected by majority of the survey participants (55%), followed by remote patient monitoring (44%) and digital chronic care services (39%). Whereas telehealth lost its position in the top three and relegated to the 4<sup>th</sup> spot.

The rising adoption of AI technologies and machine learning in health data analytics is leading the advancements in preventive care, early diagnosis, personalized treatments, and last but not least efficiency gains in traditional healthcare settings. As a result, digital health services focusing on data analytics and AI implementation are poised for significant business potential in 2024.



While remote patient monitoring (RPM) has lost its top position, the continued demand for hospital-at-home services, aimed at reducing hospital stay, emergency visits and augmenting healthcare capacity in hospitals, remains a significant driving force for the ongoing demand for RPM services.

Digital chronic care services, leveraging digital tools and platforms to provide continuous monitoring, personalized interventions and improved communications between care teams and patients, secures its 3<sup>rd</sup> position in top digital health services with highest business potentials in 2024.

Telehealth services, with the persistent demand for remote and accessible health care, its applicability for chronic and mental health conditions, the regulatory support provided in various countries, and its cost effectiveness, have still a valid business potential in the digital health market in 2024.

Caregiver services (10%) providing assistance for the aging population, self-testing services (10%) for proactive and self-management of health, and care navigation services (9%) guiding individuals

through the complexities of healthcare systems appear to require additional time to fully mature and position themselves at the forefront of the list.

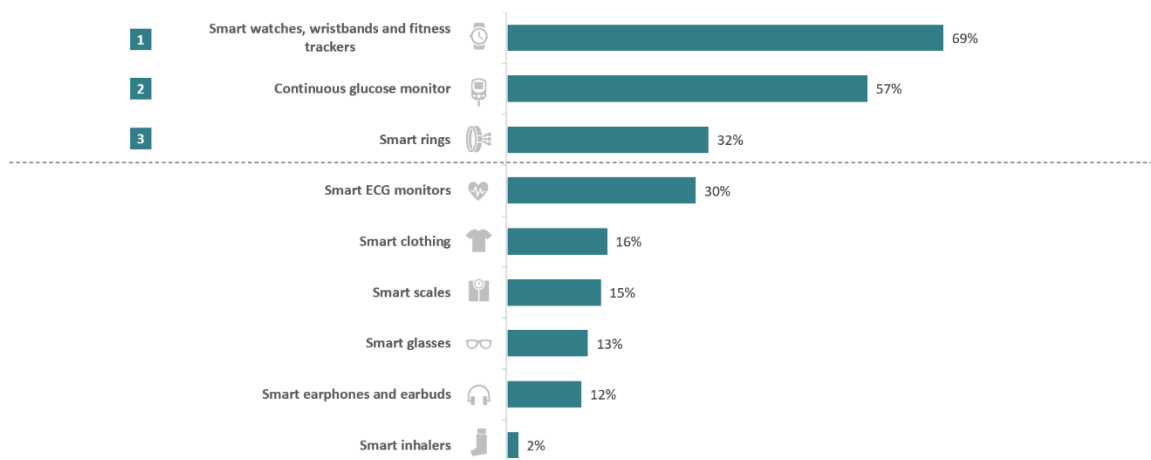
Lastly, digital clinical trial services are still in the same position, with 20% of digital health decision-makers predicting a high business potential for these services in 2024, even though it is one of the largest markets (Refer to [R2G's digital decentralised clinical trial market report](#) for a deeper analysis of the leading players, business models, and trends).

## SMARTWATCHES AND CGM DEVICES WILL BE THE DOMINANT WEARABLES IN THE DIGITAL HEALTH INDUSTRY IN 2024

In this edition of R2G's Digital Health Business Outlook survey, we also delved into the perceptions of industry experts and stakeholders to discern which wearable and sensor technologies are anticipated to yield the highest business potential in 2024.

69% of survey participants believe that smart watches, fitness trackers, and wristbands will be the driving force behind the highest business potential in the digital health industry. These devices such from Apple or Fitbit have become an integral part of monitoring various health metrics, offering features like heart rate monitoring, activity tracking, blood oxygen tracking, and sleep analysis, etc.

**WEARABLES AND SENSOR TECHNOLOGY BUSINESS POTENTIAL**  
WHICH OF THE FOLLOWING WEARABLE AND SENSOR TECHNOLOGIES YOU BELIEVE WILL HAVE THE HIGHEST BUSINESS POTENTIAL IN 2024?



Note: Survey participants selected more than one (multiple choices)

\* Other: 4%

Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 631

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Following closely behind, continuous glucose monitors (CGMs) (57%) emerged as a strong contender for influencing the digital health landscape in 2024, providing real-time data on the glucose levels of the users. Dexcom and Abbott, which are the prominent global competitors in the CGM market are already generating billions of revenues annually and signing several partnerships every year with the other solution developers in the diabetes market to integrate their CGM devices in the new technologies.

Smart rings, such as from Oura, securing a notable 32% of the responses, signify a burgeoning trend in wearable technology. These wearables have already been used in some of the clinical studies

regarding COVID-19 and other infectious diseases and found effective in early detection of common symptoms like fever or respiratory rates.

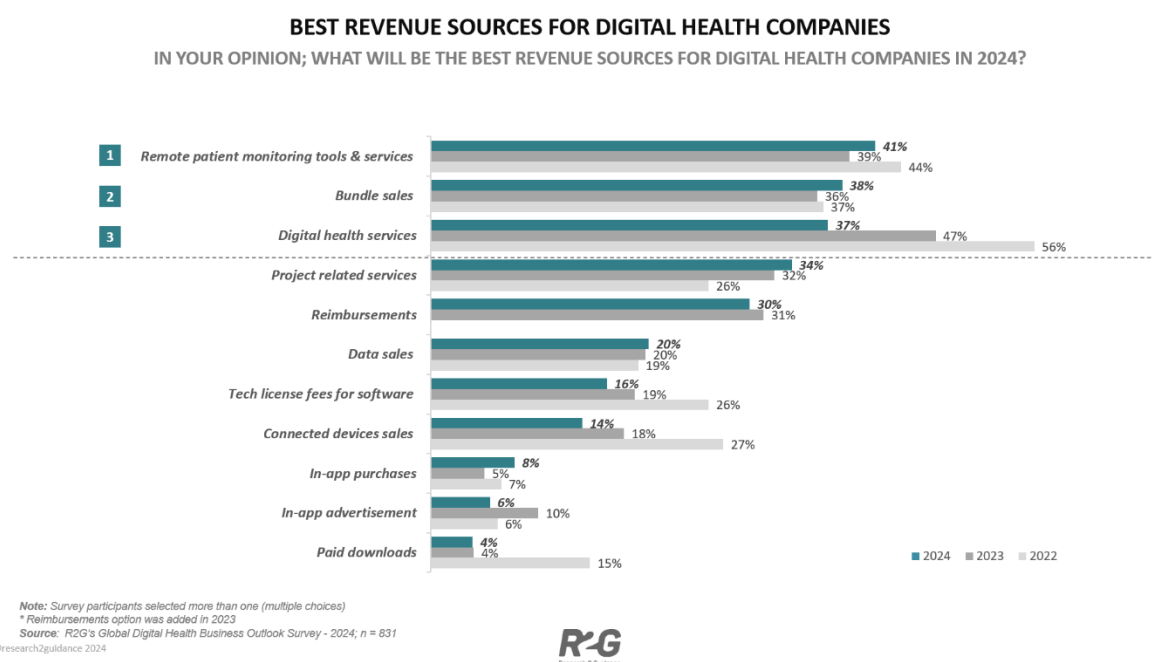
The survey also sheds light on the perceptions surrounding various other wearable and sensor technologies. Smart ECG monitors garnered 30% of the responses, indicating a substantial interest in accessible electrocardiogram monitoring for heart health. Smart clothing with 16%, and smart scales with 15%, showcase a moderate yet notable acknowledgment of their business potential in the digital health ecosystem.

*“The integration of clinical grade monitoring in watches has the highest potential, and Apple is following that strategy.”*

*-Survey respondent from investor company*

## RPM TOOLS AND SERVICE SALES ARE THE LEADING REVENUE SOURCE IN THE DIGITAL HEALTH MARKET

Best revenues sources in the digital health market in 2024 are also aligned with the findings on the digital health services with highest business potential. The top three best revenue sources for digital health companies in 2024 are the same as in 2023 and 2022, with slight differences in their ranking: RPM tools and services (41%) climbed to the 1<sup>st</sup> spot, bundle sales (38%) also ascended to the 2<sup>nd</sup> spot, and digital health services (37%) relegated to 3<sup>rd</sup> spot.



Remote patient monitoring tools and services, typically charged in a tech-license model, enabling healthcare providers to track and monitor patients’ health conditions outside of the traditional healthcare settings, are perceived as the best revenues sources to be in the digital health market in 2024, according to the survey participants.

Additionally, bundle sales, typically encompassing a combination of digital services (such as a mobile app with tracking features), connected devices (e.g., CGM), supplementary services (e.g., coaching),



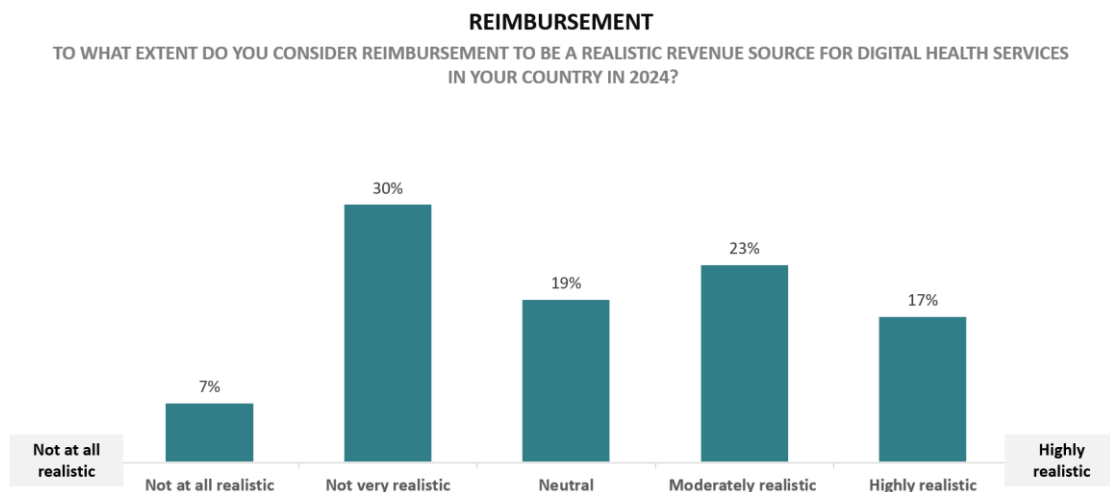
and accessories (e.g., test strips), are recognized as a good business model in the digital health sector.

Participants in the survey also perceive that digital health services providing self-management tools, tracking features, educational resources, and more, continue to be among the top three sources of revenue in 2024.

In-app purchases (8%) and advertisements (6%), and paid downloads (4%) are not the preferred business models for digital health solutions. Tech license fees (16%) and connected device sales (14%) have kept decreasing in 2024 too.

## REIMBURSEMENT IS STILL NOT A CLEAR REVENUE OPTION IN 2024

Reimbursements kept its same position again this year with 30% of respondents preferring this business model. When respondents were asked about the realistic potential of reimbursement as a revenue source in their respective countries for 2024, total of 40% considered it either “Moderately realistic” or “Highly realistic”. This reflects a shift from the previous year, where optimism was notably higher, with 70% believing reimbursement would be a major revenue source in 2023.



\* Not sure: 3%  
Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 831

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Upon closer examination of countries where reimbursement is viewed as somewhat realistic revenue stream, 76% are from European countries, including Germany, France, and the UK, while 20% are from North America.

On the contrary, 37% of the survey participants consider reimbursement as “Not very realistic” or “Not at all realistic” revenue source in 2024, with 57% of those based in a European country, 24% in North America, and the rest is from APAC and LATAM regions.

With 19% of participants expressing a "Neutral" stance on reimbursements as a realistic revenue source, the survey results for 2024 indicate an increased level of scepticism and a more cautious response regarding the viability of reimbursements as a realistic revenue source. This contrast in

perceptions also aligns with the fact that only 9% of survey participants thinking reimbursements as a key topic in digital health market in 2024, as discussed previously.

*“It's still a model that needs to prove its efficiency for generating healthy cashflows. Although it is a good idea in the mind of the patient, accounting policies and rules are not that attractive for companies, public sector and other incumbents. The other reason is that reimbursements is a marginal source of revenue compared to new models like APIs, data sets or on-demand charges.”*

*-Survey respondent from consultancy company*

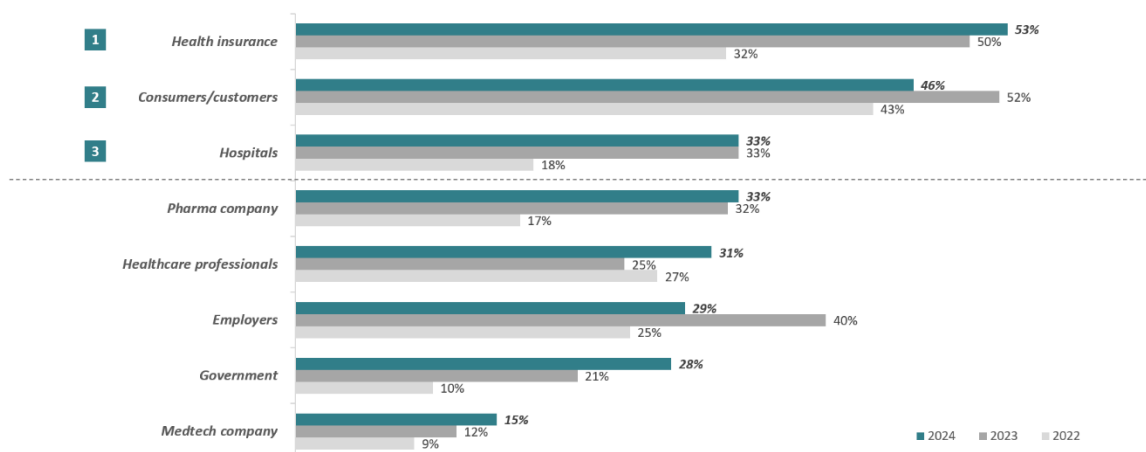
## HEALTH INSURANCE COMPANIES AND CONSUMERS ARE THE MOST PROMISING CUSTOMER GROUPS FOR DIGITAL HEALTH IN 2024

The top most promising customer group for the digital health solutions and services in 2024 is health insurance companies, according to 53% of the survey participants. Dropping to 2<sup>nd</sup> place in 2024, consumers and customers as a customer segment have been selected by 46% of the digital health business decision makers. The customer group as hospitals ascended to the 3<sup>rd</sup> position with 33%.

Besides offering a large user base and comparably stable revenue streams, health insurances are an ideal candidate for a customer segment of digital health solutions which offer preventive care and early intervention, chronic care management, and value-based care models in 2024.

Hospitals with complex and diverse operational needs, covering range of disease areas, and promising integration of digital health solution in the traditional healthcare settings offer compelling use cases as well for the digital health solution providers for sustainable business growth.

**TARGET CUSTOMER SEGMENT FOR DIGITAL HEALTH SOLUTIONS**  
WHAT WILL BE THE MOST PROMISING CUSTOMER GROUP FOR DIGITAL HEALTH SOLUTIONS IN 2024?



Note: Survey participants selected more than one (multiple choices)  
Source: R2G's Global Digital Health Business Outlook Survey - 2024; n = 831

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Selling to employers became less attractive in this year's survey. Only 29% (down from 40% in 2023) of the survey participants voted for this customer group, while healthcare professionals (31%) and Pharma companies (33%) moved above into the top five most promising customer groups in the digital health market in 2024.

Governmental bodies are increasingly becoming a promising customer segment for digital health solutions, with a rise from 10% in 2022 to 29% in 2024.

Lastly Medtech companies, although in the top three choices for partnerships in the digital health market in 2024, are not deemed as the go-to option in terms of the customer group in 2024, with only 15% of the survey participants selecting them.

Overall, the negative trend of the last three years regarding the prospects for the digital health industry has come to an end. Still, the outlook for the digital healthcare business in 2024 is mixed. Digital health solution providers see a growth trend for their own business but they are more pessimistic about the overall market.

Changing preferences for revenue streams, customer segments and digital health services with the highest business potential show that the digital health market has still not found the optimal business model.

Unsurprisingly, AI will be the hot topic in 2024. Companies will rush to figure out how this technology can support their service offerings. We can expect an inflation of “AI-based” solutions in 2024.

The AI mega trend also seems to strengthen the position of Big Tech companies such as Apple, Amazon, Alphabet and Microsoft in the digital health market. The outstanding AI technology skills as well as the financial resources of the Big Tech companies probably played a decisive role in the evaluation. The expected difficulty in accessing capital could also worsen the competitive position of the digital health startups and growers against the Big Tech companies in 2024.

Innovation and growth will come through partnerships. The key will be finding and managing the right partner. Establishing efficient innovation and partnership processes will be a key driver for successful partnerships in 2024. (see also [www.R2GConnect.com](http://www.R2GConnect.com), the largest partnership building platform for the global digital health market).

The route to reimbursement is one of the most promising business models for many digital health solution providers. However, realistically, reimbursement will only be possible for most of them in the next few years. For 2024, most people still consider the chances for their digital solutions to be slim.

R2G has been constantly monitoring the global digital health industry since 2010. We provide strategic advice for how to build and grow a successful digital health business within all therapeutic areas, business models and regions. We are happy to talk and share our experiences!

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Research2Guidance is a consulting and market research company focusing exclusively on digital health. We provide strategy advising, competitor evaluations, and market sizing services to global clients across the spectrum of healthcare delivery, including MedTech companies, health plans, pharma, and start-ups. We are convinced that digitization will revolutionize healthcare around the world and provide the market intelligence and strategic advice to help make this happen.



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